

Message Text

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ACTION EUR-12

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R 232007Z DEC 77
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 9837
AMEMBASSY OTTAWA
AMCONSUL QUEBEC
AMCONSUL TORONTO

UNCLAS MONTREAL 2120

E.O. 11652: NA
TAGS: ECON, EINV, CA
SUBJECT QUEBEC AUTO INSURANCE PROGRAM APPROVED

REF: MONTREAL 643

1. QUEBEC'S AUTO INSURANCE REFORM BILL, REPORTED REFTTEL, WAS APPROVED BY QUEBEC'S NATIONAL ASSEMBLY DURING LATE NIGHT SESSION DECEMBER 21. GOVERNMENT HAD RUSHED TO GET PROGRAM APPROVED BEFORE CHRISTMAS SO THAT BODILY INJURY COVERAGE COULD BEGIN MARCH 1, BY WHICH TIME QUEBECKERS WILL HAVE PAID FEES, ECOMPASSING INSURANCE PREMIUMS, FOR NEW LICENSE PLATES.

2. UNDER REFORM, GOVERNMENT'S NO FAULT PROGRAM WILL COVER ALL OCCURRENCES OF DEATH OR INJURY CAUSED BY A MOTOR VEHICLE, WHILE PRIVATE INSURERS WILL CONTINUE TO BE RESPONSIBLE FOR ALL OTHER COVERAGES. GOVERNMENT'S PERSONAL INJURY NO FAULT COVERAGE, WHICH IS COMPULSORY, WILL PROVIDE COMPENSATION FOR 100 PERCENT OF MEDICAL EXPENSES, AND FOR 90 PERCENT OF INCOME LOST, UP TO MAXIMUM OF DOLS 18,000 PER YEAR. IN ADDITION, PROGRAM REQUIRES DRIVERS TO CARRY MINIMUM OF DOLS 50,000 IN PROPERTY DAMAGE
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ON FAULT BASIS WITH PRIVATE COMPANIES. PRIOR TO REFORM, INSURANCE IN QUEBEC WAS NOT COMPULSORY.

3. COMMENT: WHEN PARTI QUEBECOIS ANNOUNCED ITS PROPOSALS FOR REFORM OF AUTOMOBILE INSURANCE EARLIER IN YEAR, REACTION OF PRIVATE COMPANIES WAS MUTED, AS MOST HAD EXPECTED MUCH WORSE. MANNER IN WHICH GOVERNMENT HAS HANDLED PROGRAM HAS

HOWEVER ALIENATED COMPANIES AND LEFT INSURANCE INDUSTRY IN STATE OF CHAOS. UNTIL RECENTLY, GOVERNMENT HAD REJECTED ALL OFFERS OF ASSISTANCE FROM INDUSTRY IN WORKING OUT NEW PROGRAM. AS RESULT, NEW PROGRAM CONTAINS AMENDMENTS WHICH COMPANIES HAVE NOT HAD CHANCE TO ANALYZE, AND IMPLEMENTATION DATE OF MARCH 1 LEAVES LITTLE TIME FOR IRONING OUT DIFFICULTIES. PROVISION FOR COMPULSORY PROPERTY DAMAGE ALSO MEANS THAT COMPANIES WILL BE REQUIRED TO PROVIDE COVERAGE FOR NEW, UNKNOWN DRIVERS, MAKING IT ALMOST IMPOSSIBLE FOR COMPANIES TO COME UP WITH RATIONAL PREMIUM SCHEDULES.

4. CHECKS WITH QUEBEC-BASED INSURANCE COMPANIES REVEAL THAT ALL HAVE EMERGENCY TASK FORCES WORKING ON ANALYSIS OF NEW REGULATIONS, WITH MOST COMPANIES AIMING FOR COMPLETION AROUND MID-JANUARY. STATE FARM, WHICH DOES NOT INSURE IN QUEBEC, IS REPORTED TO BE CONSIDERING LETTER TO ALL OF ITS POLICYHOLDERS IN NEW ENGLAND WARNING THEM TO STAY AWAY FROM QUEBEC UNTIL PROBLEMS WITH NEW QUEBEC PROGRAM CAN BE SORTED OUT.

5. CONSULATE GENERAL IS IN CONTACT WITH INSURANCE COMPANIES IN MONTREAL AND WILL REPORT AS ADDITIONAL INFORMATION BECOMES AVAILABLE.
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